



Department of Justice

FOR IMMEDIATE RELEASE
THURSDAY, DECEMBER 31, 1992

AT
202-514-2007
(TDD) 202-514-1888

**DEPARTMENT OF JUSTICE ISSUES BUSINESS REVIEW
LETTER ON SOUTHEASTERN PEANUT ASSOCIATION**

WASHINGTON, D.C. -- The Department of Justice announced today that it does not intend to challenge under the antitrust laws a proposal by the Southeastern Peanut Association (SEPA) to adopt trading rules for unshelled peanuts.

The Department's position was set forth in a business review letter from J. Mark Gidley, Acting Assistant Attorney General in charge of the Antitrust Division, to Evans J. Plowden, SEPA's counsel.

SEPA is an association of major peanut shellers in Florida, Georgia and Alabama. The growers in these states produce the majority of the peanuts that are used domestically for processed peanut products.

The proposed rules would establish standard general contract terms, such as shipping and delivery instructions, sampling methods and arbitration procedures. They also would establish standards for various grades of unshelled peanuts and require certain chemical testing.

"Because the rules are not likely to affect the price or supply of peanuts, and because adoption of the rules is entirely voluntary as to each contract entered into by each buyer and

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seller, the rules are not likely to injure competition in this important agricultural market," said Gidley.

Moreover, he said there appears to be a procompetitive justification for adoption of the rules.

According to Gidley, by standardizing contract terms and by creating new, more refined categories for grades of unshelled peanuts, the rules will give buyers a clearer idea of what they are buying, and the efficiency of transactions in the industry will likely be increased.

Under the Department's business review procedure, a business or other organization may submit a proposed action to the Antitrust Division and receive a statement as to whether the Division will challenge the action under the antitrust laws.

A file containing the business review request and the Department's response may be examined in the Legal Procedure Unit of the Antitrust Division, Room 3233, Department of Justice, Washington, D.C. 20530. After a 30-day waiting period, the documents supporting the business review will be added to the file.

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